

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

----- In the Matter of ----- )  
 )  
PUBLIC UTILITIES COMMISSION )  
 )  
Instituting a Proceeding to )  
Investigate Proposed Amendments )  
To the Framework for Integrated )  
Resource Planning. )  
\_\_\_\_\_ )

DOCKET NO. 2009-0108

ORDER ESTABLISHING HEARING PROCEDURES

FILED

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PUBLIC UTILITIES  
COMMISSION

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ORDER ESTABLISHING HEARING PROCEDURES

By this Order, the commission sets the procedures for the panel hearing scheduled for February 8 - 11, 2010.<sup>1</sup>

I.

Hearing Procedures and Organization

The panel hearing, which was noticed for February 8 - 11, 2010, is scheduled to begin at 9 AM and end at approximately 5:00 PM, with morning and afternoon breaks and a 90-minute lunch break. Consistent with prior panel hearings (e.g., Docket Nos. 03-0371, 03-0372, 05-0069, 2009-0273), the commission will establish panels of witnesses. By February 2, 2010, each party shall file the name, title, and CV of each person who may appear for each panel. There are some issues on which multiple parties have articulated a joint position.

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<sup>1</sup>The commission issues this Order in advance of the prehearing conference scheduled for February 1, 2010. Accordingly, the parties may address any questions that arise from this Order at the prehearing conference.

In those situations, the commission encourages the parties to appoint a single panelist.

Mr. Scott Hempling, Executive Director of the National Regulatory Research Institute ("NRRI"), the commission's consultant, will be moderating the panel hearing. Consistent with prior panel hearings, Mr. Hempling will direct commission questions to specific panel members. These questions will have been prepared by commission staff and NRRI in advance, and will be asked by Mr. Hempling, with follow-up questions by commissioners and staff, if deemed necessary. The parties will be given an opportunity to question each other after the commission's questions are completed.

The hearing will consist of five distinct panels representing the major subject areas requiring commission decisions. Those panels, which are described further in Exhibit A, and the approximate time allocation for each panel, are as follows:

1. What is the purpose of the planning process? (1/3 day)
2. Is modification or replacement of the IRP Framework necessary to achieve its purposes? (2/3 day)
3. What analytical methods will best achieve the Framework's purposes? (1/2 day)
4. What procedures will best achieve the Framework's purposes? (1 1/2 days)
5. What are the appropriate next steps for the commission? (1/2 day)

Because of the large number of issues and the limited number of hours, it is inevitable that a panel period will end

without every party making every desired point. For that reason, the commission will entertain oral closing statements at the closing of the hearing, followed by written submissions as set forth in the procedural schedule. Each party will have the opportunity to present closing statements of five minutes each. The commission will not hear opening comments. The person offering the closing comments can be either a lawyer, witness or authorized representative of each party.

## II.

### Orders

#### THE COMMISSION ORDERS:


1. By February 2, 2010, the parties shall inform the commission in writing as to the expert, who will be assigned for each panel, including any joint experts.

2. This order shall control the subsequent course of the hearing, unless modified or otherwise ordered by the commission. This order shall supersede the Order Approving The Stipulated Procedural Order, As Modified, filed on September 23, 2009, as amended on November 5, 2009, where there is a conflict and shall supplement it in all other respects.


DONE at Honolulu, Hawaii

JAN 28 2010


PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By:   
Carlito P. Caliboso, Chairman

By:   
John E. Cole, Commissioner

By:   
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:

  
Stacey Kawasaki Djou  
Commission Counsel

2009-0108.laa

## **I. What is the purpose of the resource planning process?**

The purpose of a resource planning process is to produce a plan -- a document that creates public clarity about how the utility intends to meet its obligation to serve its customers. "Plans" can vary -- in terms of prescriptiveness (level of detail and level of flexibility left to the utility), and in terms of regulatory commitment of ratepayer dollars. A planning process can merely familiarize the utility and its customers with new facts; and/or it can produce a legally binding prescription for how the utility will meet its responsibilities. This panel will explore the range of possible outcomes of the planning process -- the advantages and disadvantages of various combinations of prescriptiveness and regulatory commitment.

## **II. Is modification or replacement of the IRP Framework necessary to achieve the purpose of the planning process?**

One premise of the 1992 IRP Framework was the vesting of responsibility for integrating resources necessary to serve the customers in a single entity -- the utility. Another premise was that the standard for judging plans was "lowest reasonable cost" (subject to reliability constraints).

Circumstances have changed. Statutes and Commission orders on net metering, feed-in-tariffs, competitive bidding, distributed generation, and transfer of utility-sponsored energy efficiency demand-side management programs to a Public Benefits Fee Administrator have replaced the "utility does all model" with a diverse set of players, some of whom are outside the Commission's traditional regulatory powers. Other legislative initiatives (e.g., Act 155) inject demand-side obligations into resource planning processes that historically emphasized the supply side.

Nevertheless, Hawaii's utilities are vertically integrated entities with the exclusive obligation to serve. This panel will explore whether these circumstances are compatible with the premises underlying the IRP Framework; or whether those premises and the Framework need adjusting.

## **III. What analytical methods will best achieve the Framework's purposes?**

The 1992 IRP Framework contained guidance on analytical techniques, requiring alternative plans (each one optimized "from a different perspective"), revenue requirement projections for each plan, and rankings based on various criteria. It also required that the plan describe its effects on rates, usage, bills and the utility system. One question for the panel is whether the Commission should continue, modify or discontinue this type of guidance. Given the mandates to pursue energy efficiency and renewables, are these cost-focused analyses still relevant? Another question is whether the

Framework should guide parties on (a) how to select scenarios, and (b) what modeling methods and techniques to use in evaluating the cost and feasibility of supply-side and demand-side solutions to those scenarios.

#### **IV. What procedures will best achieve the Framework's purposes?**

This panel will address an assortment of procedural questions, including:

A. What schedule and procedures are appropriate for producing a plan, taking into account the natural tension between full community participation in the process and expeditious Commission action?

B. What are the appropriate roles and responsibilities of participants, including advisory groups and third-party providers?

C. What are the appropriate role and responsibilities of an independent entity?

D. What are the possible and optimal relationships between utility and PBF Administrator?

E. What problems have arisen, and might arise, that warrant special commission attention? Possible examples include: (1) nondiscriminatory treatment of third-party providers during the planning process; (2) subsequent utility actions or inactions that depart from the plan; (3) variability in legislative priorities; and (4) uncertainty in the allocation of costs, risks and benefits of projects.

#### **V. What are the appropriate next steps for the Commission?**

The issue before this panel is what type of order the Commission should issue at the end of this proceeding. There are least three alternatives: (a) Using the 1992 IRP Framework as the starting point, then accept or reject the parties' various editorial offerings; (b) replace the 1992 document entirely with a new Commission-drafted document; and (c) issue a set of principles and findings, and then leave it to the parties, perhaps assisted by an independent entity, to create a new framework. This panel will address the pros and cons of these and other approaches.

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

DEAN NISHINA  
EXECUTIVE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
DIVISION OF CONSUMER ADVOCACY  
P. O. Box 541  
Honolulu, HI 96809

DEAN MATSUURA  
MANAGER  
REGULATORY AFFAIRS  
HAWAIIAN ELECTRIC COMPANY, INC.  
P.O. Box 2750  
Honolulu, HI 96840-0001

KENT D. MORIHARA, ESQ.  
KRIS N. NAKAGAWA, ESQ.  
MORIHARA LAU & FONG LLP  
Davies Pacific Center  
841 Bishop Street, Suite 400  
Honolulu, HI 96813

Counsel for KAUAI ISLAND UTILITY COOPERATIVE

GEORGE T. AOKI, ESQ.  
THE GAS COMPANY, LLC  
745 Fort Street, 18<sup>th</sup> Floor  
Honolulu, HI 96813

MARK J. BENNETT, ESQ.  
DEBORAH DAY EMERSON, ESQ.  
GREGG J. KINKLEY, ESQ.  
DEPARTMENT OF THE ATTORNEY GENERAL  
425 Queen Street  
Honolulu, HI 96813

Counsel for DBEDT



Certificate of Service

Page 2

LINCOLN S.T. ASHIDA, ESQ.  
WILLIAM V. BRILHANTE, JR., ESQ.  
MICHAEL J. UDOVIC, ESQ.  
DEPARTMENT OF THE CORPORATION COUNSEL  
COUNTY OF HAWAII  
101 Aupuni Street, Suite 325  
Hilo, HI 96720

Counsel for the COUNTY OF HAWAII

BRIAN T. MOTO, ESQ.  
MICHAEL J. HOPPER, ESQ.  
DEPARTMENT OF THE CORPORATION COUNSEL  
COUNTY OF MAUI  
200 South High Street  
Wailuku, Maui, HI 96793

Counsel for the COUNTY OF MAUI

ALFRED B. CASTILLO, JR., ESQ.  
AMY I. ESAKI, ESQ.  
MONA CLARK  
OFFICE OF THE COUNTY ATTORNEY  
COUNTY OF KAUAI  
4444 Rice Street, Suite 220  
Lihue, HI 96766-1300

Counsel for the COUNTY OF KAUAI

HENRY Q CURTIS  
KAT BRADY  
LIFE OF THE LAND  
76 North King Street, Suite 203  
Honolulu, HI 96817

CARL FREEDMAN  
HAIKU DESIGN & ANALYSIS  
4234 Hana Hwy.  
Haiku, HI 96708

Certificate of Service  
Page 3

WARREN S. BOLLMEIER II  
PRESIDENT  
HAWAII RENEWABLE ENERGY ALLIANCE  
46-040 Konane Place, #3816  
Kaneohe, HI 96744

DOUGLAS A. CODIGA, ESQ.  
SCHLACK ITO LOCKWOOD PIPER & ELKIND  
Topa Financial Center  
745 Fort Street, Suite 1500  
Honolulu, HI 96813

Counsel for BLUE PLANET FOUNDATION

ISAAC H. MORIWAKE, ESQ.  
DAVID L. HENKIN, ESQ.  
EARTHJUSTICE  
223 South King Street, Suite 400  
Honolulu, HI 96813-4501

Counsel for Hawaii Solar Energy Association

THOMAS C. GORAK, ESQ.  
GORAK & BAY, L.L.C.  
1161 Ikena Circle  
Honolulu, HI 96821

Counsel for Marriotts

DEAN T. YAMAMOTO, ESQ.  
SCOTT W. SETTLE, ESQ.  
JODI SHIN YAMAMOTO, ESQ.  
MARIE L. MISAWA, ESQ.  
YAMAMOTO & SETTLE  
700 Bishop Street, Suite 200  
Honolulu, HI 96813

Counsel for Forest City Hawaii Residential, Inc.

H. RAY STARLING  
PROGRAM MANAGER  
HAWAII ENERGY EFFICIENCY PROGRAM  
1132 Bishop Street, Suite 1800  
Honolulu, HI 96813